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NATURAL RESOURCES

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*Director*

STATE OF UTAH  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS, AND MINING  
1588 West North Temple  
Salt Lake City, Utah 84116  
(801) 533-5771

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April 26, 1979

Mr. J.B. Paul Sawyer  
Sawyer Consultants, Inc.  
1-425 Howe Street  
Vancouver, B.C. V6C2A9

RE: Urango Mining Company  
ML-25282 & ML-29592  
Sec. 36, T. 31S., R. 11E. and  
Sec. 2, T. 32S., R. 11E.  
Garfield County, Utah  
ACT/017/012

Dear Mr. Sawyer:

Thank you for your visit of April 10, 1979.

As we discussed, the current Mining and Reclamation Plan which is filed with this Division is adequate with the exception of meeting the requirements of the Division of State Health, Bureau of Water Pollution Control regarding the mine water discharge. The bond presently in force with the Division of State Lands is also sufficient for the current operation.

However, a letter of intention to commence exploratory drilling is required as outlined in Rule M-3(5) of the Utah Mined Land Reclamation Act (page 70) prior to any drilling activity.

Likewise, prior to any expansion in Urango's mining operation a revised mining and reclamation plan must be submitted to this Division. Any additional mining activity will increase the amount of disturbed surface area beyond the



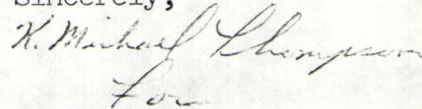
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two acre limitation requiring the Division to take the plan through the entire approval process. The new disturbance will also cause the reclamation surety to be reevaluated.

As previously mentioned, Urango's plans for discharging and treating the mine water must be submitted to the Bureau of Water Pollution Control as soon as possible so that their requirements may be met.

If you have any questions or require any assistance, please feel free to call.

Sincerely,



JAMES W. SMITH, JR.  
RECLAMATION SOILS SPECIALIST

JWS/te

cc: John Blake, Division of State Lands  
Steve McNeal, Division of State Health, Bureau of Water Pollution Control